

SUBJECT: MATERIAL SUBSIDIARY POLICY

EFFECTIVE DATE 31ST JANUARY, 2019 CURRENT VERSION NO. HSIL/VERSION IIIPREVIOUS VERSION DATE 23RD MAY, 2016 PREVIOUS VERSION NO. HSIL/VERSION IIFIRST VERSION DATE 29TH OCTOBER, 2014 FIRST VERSION NO. HSIL/VERSION I**HSIL LIMITED****POLICY ON MATERIAL SUBSIDIARIES****1. Introduction**

The Board of Directors (the "Board") of HSIL Limited (the "Company") has adopted the following policy and procedures with regard to determination of Material Subsidiaries as defined below. The Board may review and amend this policy from time to time.

2. Policy Objective

To determine the Material Subsidiaries of HSIL Limited and to provide the governance framework for such subsidiaries.

3. Definitions

"Audit Committee or Committee" means "Audit Committee" constituted by the Board of Directors of the Company, from time to time, under the provisions of Securities Exchange Board of India (Listing Obligations and Disclosures Requirement) Regulations, 2015 and The Companies Act, 2013 as amended from time to time.

"Board of Directors" or "Board" means the Board of Directors of HSIL Limited, as constituted from time to time.

"Independent Director" means a director of the Company, not being a whole time director and who is neither a promoter nor belongs to the promoter group of the Company and who satisfies other criteria for independence under the Companies Act, 2013 read with rules and Securities Exchange Board of India (Listing Obligations and Disclosures Requirement) Regulations, 2015 as amended from time to time.

"Policy" means Policy on Material Subsidiary.

"Material Non listed Indian subsidiary" shall mean an unlisted subsidiary, incorporated in India, whose income or net worth (i.e. paid up capital and free reserves) exceeds 10% of the consolidated income or net worth respectively, of the listed holding company and its subsidiaries in the immediately preceding accounting year.

"Significant Transaction or Arrangement" shall mean any individual transaction or arrangement that exceeds or is likely to exceed 10% of the total revenues or total expenses or total assets or total liabilities, as the case may be, of the material unlisted subsidiary for the immediately preceding accounting year.

"Subsidiary" shall be as defined under the Companies Act, 2013 and the Rules made thereunder.



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4. Policy

1. A subsidiary shall be a **Material Subsidiary**, whose income or net worth exceeds ten percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediate preceding accounting year.
2. One **Independent Director** of the Company shall be a director on the Board of the Material Non-Listed Indian Subsidiary company.
3. The minutes of the Board meetings of the unlisted subsidiary company shall be placed at the Board meeting of the listed holding company. The management should periodically bring to the attention of the Board of Directors of the listed holding company, a statement of all significant transactions and arrangements entered into by the unlisted subsidiary company.
4. The Audit Committee of Board of the Company shall review the financial statements, in particular, the investments made by the unlisted subsidiary company.

5. Disclosure(s)

The Company shall disclose the policy on material subsidiary on the company's website and a web link thereto shall be provided in the Annual Report.

6. Amendments to the Policy

The Board of Directors on its own and / or as per the recommendations of Audit Committee can amend this Policy, as and when deemed fit. Any or all provisions of this Policy would be subject to revision / amendment in accordance with the Rules, Regulations, Notifications etc. on the subject as may be issued by relevant statutory authorities, from time to time.

The version I of the Policy was approved by the Board of Directors in their meeting held on 29th October, 2014, version II of the Policy was approved by the Board of Directors in their meeting held on 23rd May, 2016 and the current version III is amended and approved by the Board of Directors in their meeting held on 31st January, 2019



(R. K. Somany)

Chairman and Managing Director